

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1999-01
Bill No.: HB 827
Subject: Taxation and Revenue - Sales and Use; Business and Commerce
Type: Original
Date: April 5, 2013

Bill Summary: This proposal would authorize tax exemptions for certain materials used or consumed in certain business processes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Conservation Commission	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
Parks, and Soil and Water	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
School District Trust	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Could exceed \$300,000)	(Could exceed \$300,000)	(Could exceed \$300,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

SS:LR:OD

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$300,000)

FISCAL ANALYSIS

ASSUMPTION

Sections 144.055 RSMo - Sales and Use Tax Exemptions

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules** assume this proposal would not have a fiscal impact to their organization in excess of existing resources.

ASSUMPTION (continued)

Officials from **St. Louis County** assume this proposal would have an unknown negative impact to their organization.

Officials from the **City of Columbia** assume this proposal could have a negative impact, possibly in excess of \$100,000 per year to the City.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** and the **Department of Revenue (DOR)** did not respond to our request for information.

For fiscal note purposes, **Oversight** will indicate a reduction in sales and tax revenue that could exceed \$100,000 for the General Revenue Fund, for other state funds which receive general sales tax revenues, and for local governments.

Oversight will also assume for fiscal note purposes that any impact to the Department of Revenue involved in implementing these exemptions would be minimal and could be absorbed with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Revenue reduction - DOR</u>			
Sales and use tax exemptions Sections 144.055	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)

FISCAL IMPACT - State Government
 (continued)

FY 2014
 (10 Mo.)

FY 2015

FY 2016

**CONSERVATION COMMISSION
 FUND**

Revenue reduction - DOR

Sales and use tax exemptions
 Sections 144.055

(Could exceed
\$100,000)

(Could exceed
\$100,000)

(Could exceed
\$100,000)

**ESTIMATED NET EFFECT ON
 CONSERVATION COMMISSION
 FUND**

(Could exceed
\$100,000)

(Could exceed
\$100,000)

(Could exceed
\$100,000)

**PARKS, AND SOIL AND WATER
 FUND**

Revenue reduction - DOR

Sales and use tax exemptions
 Sections 144.055

(Could exceed
\$100,000)

(Could exceed
\$100,000)

(Could exceed
\$100,000)

**ESTIMATED NET EFFECT ON
 PARKS, AND SOIL AND WATER
 FUND**

(Could exceed
\$100,000)

(Could exceed
\$100,000)

(Could exceed
\$100,000)

SCHOOL DISTRICT TRUST FUND

Revenue reduction - DOR

Sales and use tax exemptions
 Sections 144.055

(Could exceed
\$100,000)

(Could exceed
\$100,000)

(Could exceed
\$100,000)

**ESTIMATED NET EFFECT ON
 SCHOOL DISTRICT TRUST FUND**

(Could exceed
\$100,000)

(Could exceed
\$100,000)

(Could exceed
\$100,000)

FISCAL IMPACT - Local Government

FY 2014
(10 Mo.)

FY 2015

FY 2016

LOCAL GOVERNMENTS

Revenue reduction - DOR

Sales and use tax exemptions
Sections 144.055

(Could exceed
\$100,000)

(Could exceed
\$100,000)

(Could exceed
\$100,000)

**ESTIMATED NET EFFECT ON
LOCAL GOVERNMENTS**

(Could exceed
\$100,000)

(Could exceed
\$100,000)

(Could exceed
\$100,000)

FISCAL IMPACT - Small Business

This sales and use tax exemption would have a direct fiscal impact to small businesses which are involved in manufacturing or processing material or food.

FISCAL DESCRIPTION

This proposal would bill authorize a sales and use tax exemption for the cost of resources used in testing, installing, calibrating, maintaining, repairing, or restoring any machinery or equipment that is exempted from sales and use taxes, as well as for resources used in the manufacturing, processing, preparing, furnishing, compounding, or producing of food, or used in research and development related to manufacturing, processing, preparing, furnishing, compounding, or producing food.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Joint Committee on Administrative Rules
St. Louis County
City of Columbia

Not Responding:

Office of Administration - Division of Budget and Planning
Department of Revenue



Ross Strope
Acting Director
April 5, 2013